

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00

USIA-06 PRS-01 SP-02 OMB-01 /086 W

----- 128815

R 112000Z MAR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9588

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMCONGEN GUAYAQUIL

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD CS

SUBJECT: STATUS OF BANANA NEGOTIATIONS

1. IN RESPONSE TO A RECENT PRESS REPORT THAT THE GOVERNMENT HAS UNDER CONSIDERATION VARIOUS OPTIONS SUGGESTED BY UNITED BRANDS FOR SETTLEMENT OF THE BANANA TAX QUESTION, EMBOFF CONTACTED UNITED BRANDS REPRESENTATIVE, CARLOS ROESCH, TO ASCERTAIN CURRENT STATE-OF-PLAY. ROESCH STATED THAT THERE ARE NO NEW DEVELOPMENTS AND THAT HIS COMPANY HAS NOT SUGGESTED NOR DOES IT HAVE ANY KNOWLEDGE OF ANY OPTIONS OR ALTERNATIVES UNDER CONSIDERATION. AS FAR AS HE KNOWS, GOCR CONSIDERATION OF THE BANANA ISSUE IS STILL BASED ON THE THREE POINTS THAT HAVE LONG BEEN UNDER CONSIDERATION:

1) A BANANA EXPORT TAX; 2) AN EXPORT PRICE FOR INDEPENDENT PRODUCERS; AND 3) UTILIZATION OF IDLE LANDS.

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2. PENDING AGREEMENT ON THE BANANA TAX QUESTION, UNITED BRANDS IS CURRENTLY PAYING 25 CENTS PER BOX BANANA TAX TO THE GOVERNMENT UNDER PROTEST. INDEPENDENT BANANA PRODUCERS ARE SUPPOSED TO BE RECEIVING A SUBSIDY PAYMENT FROM THE GOVERNMENT TO HELP OFFSET THEIR HIGH COSTS OF PRODUCTION, BUT THE LAST PAYMENT WAS MADE IN OCTOBER AND NO PAYMENT HAS BEEN MADE FOR THE OCTOBER TO JANUARY PERIOD. TWO INDEPENDENT PRODUCERS WHO SELL BANANAS THROUGH UNITED BRANDS RECEIVED THE OCTOBER PAYMENT, BUT THE SUBSIDY IS NOT PAYABLE TO UNITED BRANDS ON ITS OWN PRODUCTION. THUS THE 25 CENT INTERIM TAX PAYMENT REPRESENTS A NET ADDITION TO COST.

3. ROESCH PROMISED TO BE IN TOUCH WITH THE EMBASSY AS SOON AS THERE IS ANY FURTHER MOVEMENT ON THE BANANA TAX QUESTION.
TODMAN

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Message Attributes

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